



July 2006

Farm Service Agency

Tennessee FSA News

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Election Nomination Period Open

County office staffs are accepting nominations for candidates to serve on the FSA County Committees across the state. The nomination period closes *Tuesday, Aug. 1.*

"Farmers and ranchers have an important opportunity to ensure that their FSA county committees represent them by participating in the county committee election process," said Tennessee FSA State Executive Director Louis Buck. "I encourage agricultural producers across the state to nominate eligible candidates, especially minorities and women, to serve on their local county committees and to vote this fall."

Farmers and ranchers who serve on county committees help make decisions necessary to administer federal farm programs offered in their communities. County committees make decisions on agricultural issues such as commodity price support loans and payments, conservation programs, disaster payments and employing county executive directors.

If you participate or cooperate in programs administered by FSA and live in the local administrative area conducting an election, you may be nominated for candidacy for a committee.

You can obtain a complete list of eligibility requirements by visiting your county office or online at: <http://www.fsa.usda.gov/pas/publications/facts/html/cocelig06htm>.

You can nominate yourself or others as candidates. Community based organizations representing minorities and women can nominate candidates. To become a nominee, eligible individuals must sign nomination form FSA-669A. The form includes a statement that the nominee agrees to serve if elected.

Keep the following important dates in mind during the 2006 county committee election process:

- The nomination period ends August 1.
- Ballots will be mailed to eligible voters by Nov. 3. The last day to return voted ballots to the county office is Dec. 4.
- Newly elected county committee members take office Jan. 1, 2007.

For more information about FSA county committees or to obtain a nomination form (FSA-669A), visit the county office or go online at: <http://www.fsa.usda.gov/pas/publications/elections/Default.asp>.

CRP Cover Maintenance

You are required to maintain your Conservation Reserve Program acres according to the conservation plan you agreed to with the Natural Resources Conservation Service technician. You need to make sure you:

- Have adequate approved vegetative cover to control erosion for the contract period
- Control weeds and other types of undesirable vegetation
- Take control measures outside of the primary nesting season.

Please keep in mind that mowing for a cosmetic purpose is prohibited. That is why it is important to review your conservation plan and talk to NRCS if you think undesirable plant species are invading your CRP land.

FSA Farm Loans

The Farm Service Agency makes both direct and guaranteed farm ownership and operating loans to family-size farmers and ranchers who cannot obtain commercial credit from a bank, Farm Credit System institution or other lender. FSA loans can be used to purchase land, live-



stock, equipment, feed, seed and supplies. The loans can also be used to construct buildings or make farm improvements.

If you're having trouble getting commercial credit, check with the county office staff about eligibility, as well as maximum loan amounts, rates, term and use of proceeds.

If you have Internet access, visit <http://www.fsa.usda.gov/dafl/default.htm> to learn more about FSA loans.

Selected Interest Rates for July 2006	
90-Day Treasury Bill	4.625%
Farm Operating - Direct	5.500%
Farm Ownership - Direct	5.750%
Limited Resource	5.000%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	4.000%
Emergency	3.750%
Farm Storage Facility	5.000%
Sugar Storage Facility	5.250%
Commodity Loans 1996-Present	6.125%
Tobacco (TTPP) Discount Rate	10.000%

Refund of 2005 CC Payments

If you participate in the Direct and Counter-cyclical Payment Program, take note. There is possibility that under current market conditions producers who received 2005 advance counter-cyclical payments may be required to repay all or a portion of these payments.

You will have two options to refund unearned advances:

Refund Option 1: The Commodity Credit Corporation will automatically reduce any DCP payments you receive between Oct. 1, 2006, and Oct. 31, 2007, to satisfy your obligation to repay the unearned 2005-crop advance counter-cyclical payments.

Scheduled payments you may receive during this period include 2006-crop final direct payments, 2006-crop advance counter-cyclical payments and 2007-crop advance direct payments.

For this method, you need not take any action — the county office staff will automatically

take deductions from future DCP payments.

Refund Option 2: This method follows procedures under the Debt Collection Improvement Act of 1996.

Under this option, you will be sent an initial notification letter following the end of each crop's marketing year that will inform you of the specific amount of the debt, followed by a first demand letter. At that time, you may settle the debt by writing a check to the Commodity Credit Corporation. Please let the staff at the county office, if you decide to use Refund Option 2.

Farm Reconstitutions

In Farm Service Agency terms, farms are *constituted* to group all tracts having the same owner and the same operator under one farm serial number. When changes in ownership or operation take place, a farm *reconstitution* is called for. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

The following are the different methods used when doing a farm recon. Remember, to be effective for the current year, recons must be requested by Aug. 1 for farms enrolled in the Direct and Counter-cyclical Program.

- Estate Method — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;
- Designation of Landowner Method — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. This method cannot be used to divide allotments or quotas, if the parent farm is located in two or more counties and the allotments and quotas cannot be transferred from one county to another by sale, lease or owner. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding;
- Default Method — the division of bases

for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

- DCP Cropland Method — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;

The final date to request a 2005 reconstitution is Aug. 1, 2005. If 2005 DCP direct payments have already been issued on the farm, the reconstitution will be effective for 2006, unless the payments are refunded.

Agents Need Signed Statement

Private crop insurance company representatives will now be required to produce a signed statement from you, the producer, when requesting map photocopies and acreage reports (FSA-578) from the Farm Service Agency. The statement must specify the crop year and the related documents that you want reproduced for the insurance agent.

Insurance agents will be required to pay \$1.00 per map photocopy and \$.20 per printed page for acreage documents. County offices are not responsible for mailing copies to private crop insurance company representatives. Loss adjusters can request photocopies of maps and printed documents by submitting forms FSA-426 or FSA-426-A.

Keep Premises Info Current

To ensure an accurate database, producers with a Premises ID are urged to contact their local FSA office when there is a need to update their premises information such as live-stock changes, farm changes or address changes.

Beneficial Interest Policy Changes

The policy on beneficial interest is undergoing some revision. A recent notice by the national office highlighted these changes.

Open Storage. Producers who deliver to a Commodity Credit Corporation-approved warehouse, and the commodity is placed in

open storage for a term of 15 calendar days or more, will lose beneficial interest in the commodity on the 16th calendar day of the physical delivery unless an approved warehouse receipt can be provided to the producer.

Unapproved Facilities. Producers who deliver commodities to a facility where the commodity is commingled with commodities from other producers are ineligible for a marketing assistance loan or loan deficiency payment, if the facility is not authorized by state or federal law to store such commodities for the benefit of producers. Therefore, delivery of commodities to a location that is not considered a CCC-approved or state or federally licensed facility will result in the loss of beneficial interest in the commodity on the date of physical delivery.

Deliveries of a commodity to entities such as a dairy, feedlot, pit, ethanol plant, wool pool, feed mill, or any other unapproved storage facility, will result in the loss of beneficial interest on the date of delivery, regardless of any other action or agreement between such an entity and the producer.

Seed and Hybrid Seed Contract Producers. Commodities produced under a contract in which the title to the seed remains with the entity and the entity provides the seed to the producer, including contracts for the production of hybrid seed and other specialty seeds, are eligible to be pledged as collateral for a MAL and/or LDP. Beneficial interest in the commodity will be considered lost the earlier of the date a payment is received for the commodity or the commodity is delivered to the contract company.

Purchased Commodity. A person who purchases or otherwise acquires a commodity from a producer under any circumstances does not have beneficial interest in the commodity regardless if the purchase or acquisition is made before or after the harvest of the commodity. However, CCC will consider a person to have beneficial interest in the commodity if, before harvest, the person has obtained title to the growing commodity and the risk of producing the commodity at the same time title was obtained for the land on which the commodity was growing.

Deceased Producer. Upon the death of a producer, CCC will consider an estate, heirs of the deceased producer or a person to whom title to a commodity has passed by state law, to have beneficial interest in a commodity produced by

the deceased producer. The same terms and conditions that would have been applicable to the deceased producer will be applicable to the assumed producer.

One thing hasn't changed: To be eligible to receive marketing assistance loans or loan deficiency payments, you must have the beneficial interest in the commodity when you apply for the loan or LDP. In the cases of loans, you must maintain beneficial interest for the duration of the loan.

Stay tuned for further information about these changes or visit with the county office staff for details.

Dates to Remember	
August 1	Deadline to submit COC nomination forms
August 1	Final date to request farm reconstitution for current fiscal year.
Sept. 30	Final date for 2006 DCP contract revisions.

Bookmark our Web site:
<http://www.fsa.usda/tn>



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